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USWEST

Elridge A. Stafford
Executive Director-
Federal Regulatory

WRITTEN EX PARTE

October 2, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222, SC-1170
Washington, DC 20554

RE: Telephone Number Portability
CC Docket No. 95-116

Dear Mr. Caton:

Today, I sent the attached letter, on behalf of U S WEST, to Paul Gallant of Commissioner Quello's office, with copies to advisors to Chairman Hundt and Commissioners Ness and Chong, and to various members of the Common Carrier Bureau, in conjunction with the Commission's Further Notice of Proposed Rulemaking in the above-numbered docket. Please include a copy of this letter and the attachment in the record in this proceeding.

In accordance with 47 C.F.R. § 1.1206(a)(1) of Commission's rules, the original of this letter and one copy are being filed with your office. Acknowledgment and date of receipt are requested. A duplicate of this letter is attached for this purpose.

Sincerely,

Elridge Stafford

Attachment

cc:	Richard Metzger	Andre' Rausch
	Thomas Boasberg	James Schlichting
	James Casserly	Don Stockdale
	Kathleen Franco	Jeannie Su
	Neil Fried	Steven Teplitz
	Carol Matthey	Richard Welch

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DOCKET FILE COPY DUPLICATE

October 2, 1997

Mr. Paul Gallant
Legal Advisor to Commissioner Quello
Federal Communications Commission
1919 M Street, NW, Room 802, SC-0106
Washington, DC 20554

RECEIVED
OCT - 2 1997
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: Number Portability Cost Recovery
CC Docket No. 95-116

Dear Mr. Gallant:

At our meeting on number portability cost recovery on September 23, 1997 you expressed an interest in additional details concerning U S WEST Communications' network upgrade costs that are attributable to long-term number portability (LNP) requirements. This letter is in response to that inquiry. Specifically, this letter provides additional information concerning the treatment of the costs of network upgrades that U S WEST Communications would not otherwise incur "but for" LNP.

By way of background, in its further notice of proposed rulemaking,¹ the Commission tentatively concluded that there were three types of costs involved in providing long-term local number portability: 1) costs incurred by the industry as a whole; 2) carrier-specific costs directly related to providing number portability; and 3) carrier-specific costs not directly related to number portability. U S WEST does not disagree. However, the Commission went on to state, without qualification, that the costs of network upgrades to implement a database method are examples of the third type of costs. In the case of U S WEST Communications, this is not correct. There are a significant number of locations where U S WEST Communications is now required to make certain network upgrades solely to meet LNP requirements. In these instances the costs of the upgrades should be categorized as type two costs rather than type three as proposed by

¹ CC Docket No. 95-116, released July 2, 1996.

the Commission. Below U S WEST Communications describes in more detail why the unqualified categorization of all network upgrades as type three costs is inappropriate.

As discussed in our meeting with you, market demand is an essential element in U S WEST Communications' decisions to roll out network upgrades. The large geographic nature of the territory served by U S WEST Communications, coupled with the relatively small population base, results in the need for a much more targeted approach to rolling out network upgrades than other carriers might follow. This market-based approach means that, if not for LNP, some areas would not receive certain types of network upgrades anytime in the foreseeable future. In other instances it means that, if not for LNP, certain analog electronic switches would not have been replaced with digital switches for another 1 to 6 years. Because of this market focused approach, it is crucial that the Commission adopt a more flexible standard for LNP cost recovery than presently proposed -- one that recognizes that some network upgrades will only benefit number portability. U S WEST Communications currently estimates that approximately 31% of its LNP costs fall in this category. Given the recognition of these costs, the only issue then should be how the Commission ensures that companies do not misuse the recovery process.

U S WEST suggests the following solution to obviate this concern. The Commission should allow companies to identify costs for those upgrades that have the potential for multiple uses. When filing the support for intended use of those upgrades, if a company can show that the use is limited, by contract with the vendor or otherwise (e.g. no material demand for other uses), only to number portability, then cost recovery would be allowed. Under this approach, companies would be required to file cost support when proposing the rate level necessary to recover number portability costs. Information showing how the cost complies with the "but for" standard would be required as a part of the filing.

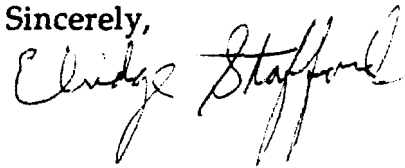
We wish to emphasize that U S WEST Communications' LNP costs only reflect costs for those network upgrades that meet this "but for" test. For example, we have excluded the cost of purchasing new digital switches. We have also excluded the costs associated with generic upgrades needed to support AIN features, ISDN, international dialing, and operator services.

Mr. Paul Gallant
October 2, 1997
Page 3

U S WEST respectfully requests that the Commission adopt rules for LNP cost recovery that include sufficient flexibility to permit the recovery of upgrade costs that meet the "but for" standard described above. U S WEST believes this flexibility is a critical element in achieving the goal of a competitively neutral cost recovery process.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Clidge Stafford".

cc: Richard Metzger
Thomas Boasberg
James Casserly
Kathleen Franco
Neil Fried
Carol Matthey
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James Schlichting
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